

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 AGRE-00 PA-01 PRS-01

/056 W

-----242247Z 023177 /73

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2326

INFO TREASURY WASHDC

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EO 11652: N/A

TAGS: EFIN MX

SUBJECT: FEDERAL GOVERNMENT INVESTMENT EXPENDITURES

1. SUMMARY: MEXICO CITY DAILY NOVEDADES REPORTS THAT BUDGET MINISTRY AS OF PRESENT HAS AUTHORIZED 82 PERCENT OF PUBLIC SECTOR'S 1977 INVESTMENT EXPENDITURES. THIS INFORMATION CONFLICTS WITH REPORTED SLOWDOWN IN SPE KING AND MAY REFLECT INTERNAL GOM POLITICS. END SUMMARY.

2. NOVEDADES REPORTS BUDGET MINISTRY AS STATING ON MAY 22 THAT 81.8 PERCENT, OR 131.3 BILLION PESOS, OF FEDERAL GOVERNMENT'S BUDGETED INVESTMENT EXPENDITURES FOR 1977 HAVE BEEN AUTHORIZED.

3. STORY QUOTES BUDGET MINISTRY AS SAYING, "THIS IMPULSE TRIES TO BREAK THE ECONOMIC INERTIA REGISTERED IN THE ENTIRE WORLD IN RECENT YEARS, FROM WHICH OUR COUNTRY COULD NOT ESCAPE." THE 1977 INVESTMENT PROGRAM, THE STORY CONTINUES, FORESEES SUBSTANTIAL INCREASES OVER INVESTMENT SPENDING IN 1976. EXAMPLES CITED INCLUDE: MINING, UP 125
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PERCENT, CHEMICALS, PETROCHEMICALS AND FERTILIZERS, UP 151 PERCENT, ENERGY, UP 96 PERCENT. NOT CLEAR IF THESE ARE NOMINAL OR REAL INCREASES, PROBABLY THE FORMER. STORY NOTES THAT 75 PERCENT OF 1977 INVESTMENT PROGRAM IS FOR FINISHING ON-GOING PROJECTS.

4. STORY NOTES THAT BUDGET MINISTRY IS PLEASED THAT

INVESTMENT PROGRAM IS SO FAR ADVANCED AND QUOTES ITS UNNAMED SOURCE TO THE EFFECT THAT "THIS WILL PERMIT THE EARLY RENEWAL OF A RATE OF GROWTH THAT WE ALL WANT." STORY GOES ON TO SAY THAT MOST OF THE PLANS FOR THE REMAINING 18.2 PERCENT INVESTMENT EXPENDITURES WILL SOON BE READY.

5. THIS STORY IS INTERESTING ON SEVEREL ACCOUNTS. ONE IS THAT INVESTMENT SPENDING HAS BEEN THOUGHT TO BE LAGGING BEHIND THE BUDGET, THOUGH IT SHOULD BE NOTED THAT THE STORY REFERS TO AUTHORIZATIONS RATHER THAN ACTUAL SPENDING' ANOTHER IS THAT THE STORY REPORTS 1977 BUDGETED INVESTMENT SPENDING AT 160.6 BILLION PESOS WHEREAS THE FIGURE IN THE DECEMBER BUDGET WAS 147.8 BILLION PESOS.

6. A BANK OF MEXICO OFFICIAL SAID HE COULD NOT FIGURE OUT THE STORY AND THOUGHT IT CONTAINED FALSE INFORMATION. WE SUSPECT THE STORY MAY BE RELATED TO THE INTERNAL POLICY DEBATE BETWEEN THE SO-CALLED SPENDERS AND THE FISCAL CONSERVATIVES. BUDGET SECRETARY TELLO IS SAID TO BE THE LEADER OF THE SPENDING SCHOOL. HE MAY BE ATTEMPTING TO BOLSTER HIS POSITION BY GOING PUBLIC THOMPSON

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Disposition Approved on Date:
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Handling Restrictions: n/a
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